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MICHIGAN ASSOCIATION OF SUBSTANCE ABUSE COORDINATING AGENCIES

Testimony Before The House Committee on Michigan Competitiveness Re: HB 4717 May 16, 2013

Mr. Chairman and Members of this Committee:

My name is John Andrews, and I am testifying on behalf of the Michigan Association of Substance Abuse Coordinating Agencies, known more commonly by its initials as MASACA. MASACA's members are the directors of the 16 Substance Abuse Coordinating Agencies which are statutorily responsible for planning, funding and overseeing substance use disorder treatment and prevention services in all 83 Michigan counties. We appreciate this opportunity to comment on HB 4714.

We in MASACA strongly support Medicaid expansion, and we are pleased to see the legislature begin to consider expansion through the introduction of this bill. Despite the voices that oppose any consideration of Medicaid expansion, we believe the legislature would be derelict in its duty if it did not look seriously at the many benefits that are possible to the citizens and businesses of Michigan and to state government through expansion.

It seems appropriate that this bill was referred to this Committee on Michigan Competitiveness. We believe that a well thought out plan to expand eligibility for Medicaid participation to persons with income up to 133% of poverty level makes good business sense. Expansion helps businesses, especially local small businesses, which employ low income workers to avoid federal penalties because their employees can work and still be eligible for Medicaid coverage. It is especially noteworthy that those working poor include the approximately 50,000 home healthcare workers who attend to our parents and grandparents and disabled family members, at low wages and usually without employer health insurance. Expansion also lowers the "hidden tax" on the insured. Today, the insured pay an estimated \$1,000 more for health insurance to cover those who have none. Using available federal Medicaid funds to insure our lower income citizens lowers this "tax" on the rest of the insured.

We who are involved with substance use disorder services understand that the federal block grant funds now used to treat the working poor will be reduced on the assumption of Medicaid expansion. By

approving expansion, you help ensure the ready availability of substance use disorder treatment and prevention services in your local communities, which otherwise might have long waiting lists and delayed access to treatment in many parts of the state.

For all these reasons, we believe Medicaid expansion makes very good business sense for Michigan. If we truly want a healthy Michigan as the Governor so often proposes and if we want to provide practical support to make businesses, especially our thousands of local small businesses, truly competitive, Medicaid expansion seems to us just as beneficial as business tax relief.

Having said all that, we believe there are several things this committee should reconsider in HB 4714 if Medicaid expansion is to be done reasonably and well.

Firstly, we do not understand at all why there is a 48 month limit on eligibility. Expansion will open benefits primarily to the working poor. The low incomes that make them eligible today will likely be the same low incomes four years from now. In fact, the Detroit Free Press recently reported that growth in low paying jobs is a main factor in the improved unemployment numbers in Michigan. We think it simply unrealistic to think there will be a mass exodus of people from those lower paying jobs into higher incomes that will end their Medicaid eligibility.

Secondly, we have serious question about the requirement for one to contribute up to 5% of his/her income as participation in the cost of the benefit. We appreciate the desire to have participants have "some skin in the game." But our experience in serving lower income people suggests that cost of day to day survival, and that often is what it is, leaves very little discretionary "skin." We suggest this committee listen closely to those who are most affected by this bill, including the social service agencies and churches and food banks who know the people well. Those with "boots on the ground" serving the working poor every day can enlighten all of us.

Finally, we do not understand the provisos that the bill is effective only if the federal government approves a waiver allowing certain conditions for participation as detailed in the bill and that the government maintain indefinitely the 100% federal funding for the program. We have seen nothing to suggest that the federal government will make an exception to the planned reduction to 90% federal participation after the first three years, a rate still well above the current rate. And the 48 month limit and certain other conditions such as the 5% contribution to cost seem to us very unlikely to receive approval. It is difficult to imagine how expansion can be approved, despite its great benefit to a healthy Michigan and to its citizens, with such provisions attached to the bill. We recommend their removal.

We appreciate very much the bill's intent to initiate action on Medicaid expansion, but we urge this committee to remove or otherwise address the sections we have noted. In our judgment, a healthy Michigan and a more competitive business climate will be the result.

I will be happy to answer any questions you might have for me.

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